GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:601
ANSWERED ON:25.11.2005
`REDUCTION IN INTEREST RATES`
Vallabbhaneni Shri Balashowry

Will the Minister of FINANCE be pleased to state:

(a) whether State Governments have demanded reduction in interest of their borrowings from National Small Savings Fund;

(b) if so, the details thereof ; and

(c) the decision taken by the Government in the matter?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) to (c) Requests have been made and comments given by State Governments, from time to time, on issues relating to borrowing from National Small Savings Fund (NSSF) including cost of borrowing. These provide valuable inputs in deciding the issues. However, the rate of interest on loans from NSSF to the State Governments depends upon interest paid to the depositors and the management cost paid to the Department of Posts/banks and the small savings agents. As on date, there is no decision to reduce the rate of interest on such loans.